



United States Department of the Interior

BUREAU OF LAND MANAGEMENT

Utah State Office

P.O. Box 45155

Salt Lake City, UT 84145-0155

<http://www.blm.gov>

m0036020
cc: Lynn
Penny



IN REPLY REFER TO:

3833

(UT923-OA)

UTU-69380

BLM Bond No. UT1000

November 29, 2010

CERTIFIED MAIL--Return Receipt Requested

7009 0820 0001 7945 8363

Northern Stone Supply, Inc., Principal/Obligor

ATTENTION: Mr. Gary Mullard

203 W. Main

P.O. Box 249

Oakley, ID 83346

RECEIVED

DEC 01 2010

DIV. OF OIL, GAS & MINING

Dear Mr. Mullard:

Effective October 17, 1994, this office accepted a \$13,000 surety bond, No. 103386868 (Former Bond No. U2434486), to secure 3809 plan UTU-69380 surface management bond filed by Northern Stone Supply, Inc., Principal/Obligor.

On November 29, 2010, we received a notification from Travelers Casualty and Surety Company of America that it elects to cancel Bond Number 103386868 in the amount of \$13,000, covering plan of operation No. UTU-69380, and the cancellation applies to any conditions stipulated in the bond form. However, the cancellation date cannot be less than 90 days from when this office received the cancellation notice.

The Bureau of Land Management (BLM) and the Utah Division of Oil, Gas, and Mining have determined that the reclamation has not been completed. Therefore, we cannot provide a release on all past, present and future liabilities under surety bond No. 103386868.

The authorized officer shall not give consent to termination of the period of liability of any bond unless an acceptable replacement bond has been filed or until all the terms and conditions of the 3809 notice has been met. When the BLM Salt Lake Field Office and the Utah State of Division of Oil, Gas, and Mining concur in termination of the period of liability, it means that they have determined, to the extent that they can, that all terms and conditions of all plans of operations/notices covered by the bond have been completed. Only when such a determination has been made can this office terminate the period of liability; that is, set a specific time after which no new liability or cause of action may accrue under the bond. The regulations do not allow any complete cancellation or an "unconditional release" of the surety from any liability whatsoever.

The bond was accepted to provide bond coverage for operations held by the principal during the period from the date of its acceptance until BLM determined, to the best of its knowledge, that the bond was no longer required and terminated its period of liability effective (date). The termination of liability would not preclude our assessing liability against the principal and surety if, for example, 2 years after termination of the period of liability, BLM discovers that reclamation and restoration was improperly performed and has caused serious environmental damage. The fact that the period of liability of the bond has been terminated means only that the exact date has been set, beyond which no new cause of action may accrue. Therefore, we cannot grant you an unconditional release of the bond.

Therefore, you are hereby requested to provide a replacement security in the amount of \$13,000. Pursuant to 43 CFR 3809, a surety is not released from an obligation that accrued while the surety bond was in effect unless the replacement financial guarantee/bond covers such obligations to the BLM's satisfaction. The replacement bond must assume any outstanding liability on the operations(s) covered by the prior bond. The required bond forms are attached for your use.

In accordance with regulations at 43 CFR 3809, if a replacement financial guarantee/bond, is not received in this office on or before January 4, 2011, this office will demand that the surety/financial institution pay the full amount of surety bond No. 103386868 to insure continuing coverage of the principal/obligor named above. Such funds will be retained in our suspense account, with no interest accruing to the obligor, until the bond coverage is no longer required or until the obligor furnishes another replacement security.

If there are any questions prior to providing this replacement security, please contact Opie Abeyta at (801) 539-4123.

Sincerely,

/s/ Roger L. Bankert

Roger L. Bankert
Chief, Branch of Minerals

Enclosures:
Bond Forms

cc:
Principal/Obligor
Surety/Financial Institution:
Travelers Casualty and Surety Company of America
4000 Kruse Way Place, Bldg One, Ste 265
Lake Oswego, OR 97035

Larry Garahana, Salt Lake F.O. (UTW010),
UDOGM
1594 W. North Temple, Suite 1210
Salt Lake City, UT 84114